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C O N F I D E N T I A L TBILISI 003004

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STATE FOR EUR/CASC, EUR/FO, EEB/IFD/OIA, EEB/CBA AND CA/OCS

E.O. 12958: DECL: 11/30/2017

TAGS: [PGOV](#) [CASC](#) [GG](#)

SUBJECT: INVESTIGATION OF IRAKLI RUKHADZE EXPLORES POSSIBLE  
MONEY LAUNDERING CHARGES

REF: TBILISI 2978

Classified By: Ambassador John F. Tefft, reason 1.4(b) and (d)

11. (C) The Deputy Prosecutor General of Georgia, Nika Gvaramia, called DCM to the Ministry of Internal Affairs to give an update on the criminal investigation of American citizen Irakli Rukhadze. Although Rukhadze has not been charged as yet, he is being investigated on suspicion of influence peddling (reftel). Gvaramia had no new information about that possible charge, but he told DCM that the police have obtained records of Rukhadze's bank account and have been questioning him about suspicious transactions. He pointed to one transaction in April 2006 where Rukhadze apparently deposited USD 1.7 million in cash and immediately withdrew the equivalent amount in cash Georgian lari. Gvaramia said that such large cash transactions should be reported to Georgia's Financial Monitoring Service (FMS) as suspicious by the bank under Georgia's money laundering laws, but this one was not. The bank's failure to report the transaction is not Rukhadze's fault, he said, but it raises questions about whether Rukhadze has failed to report income on his tax returns or is laundering money for someone else. Gvaramia said that when questioned about the 2006 transaction, Rukhadze said he could not remember it, and seemed to be stalling for time to figure out the best way to answer the questions posed to him. Gvaramia added that there are subsequent cash transactions, mostly in the range of USD 100-200,000.00, in the records of Rukhadze's account that need to be examined closely.

12. (C) By notifying the Embassy of the progress of the investigation, Gvaramia seems to want to be seen as sensitive to USG concerns about Rukhadze's case. It would not be surprising if the GOG is upping the pressure on Rukhadze in the hope that he may become a material witness in a potential case against Badri Patarkatsishvili. Nevertheless, Gvaramia said that Rukhadze is as yet free to leave the country if he wants.

13. (C) Gvaramia also told the DCM that Badri Patarkatsishvili is shown by bank records to have withdrawn USD 12 million in cash from Standard Bank, which did not report that transaction to the FMS either.

TEFFT